



Order Instituting Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation and Related Issues.

Rulemaking 13-11-005  
(Filed November 14, 2013)

Attorneys for the City of Lancaster

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Efficiency Rolling Portfolios, Policies, Programs,  
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In accordance with the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, the “*Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on Approaches for Statewide and Third Party Programs*” (“Ruling”), dated May 25, 2016, and the “*Administrative Law Judge’s Ruling Granting In Part Request for Extension of Time*,” dated June 6, 2016, the City of Lancaster (“Lancaster”), operating its Community Choice Aggregation (“CCA”) program by and through an enterprise division of the city (“Lancaster Choice Energy” or “LCE”), respectfully submits these comments.

Lancaster is a community of nearly 160,000 residents located approximately one-hour north of Los Angeles. Lancaster is aggressively pursuing energy solutions in hopes of bettering the current and future environmental and economic conditions of its community and region. In that context, the Lancaster City Council approved a CCA Implementation Plan for Lancaster Choice Energy, which was filed at the Commission and later certified by the Commission's Energy Division on October 16, 2014. A revised CCA Implementation Plan was filed at the Commission and certified by the Energy Division on March 13, 2015. With the Lancaster City Council's approval of rates for LCE on February 24, 2015, Lancaster is now the third operational CCA program in California. Lancaster's CCA program, LCE, was launched on May 1, 2015, to

a first phase of customers (principally municipal accounts and a representative sample of other customer classes). The second and final phase was launched on October 1, 2015, for all other customers.

Lancaster has participated in this proceeding in order to provide the unique perspective of the Lancaster community and express an interest in proposals that will further Lancaster's energy goals. Lancaster was granted party status in this proceeding on January 13, 2016. The Ruling contains several questions related to CCAs and invites party comments on these questions.<sup>1</sup> Thus, Lancaster respectfully provides these responses to the questions raised in the Ruling. While Lancaster does not presently address every question in the Ruling, a non-response should not be construed as an affirmative or negative answer to any of the questions posed. Lancaster reserves the right to file reply comments responding to party comments on all questions raised in the Ruling.

## **I. RESPONSES TO QUESTIONS IN THE RULING**

<b>Question 3</b>	How should any Commission requirements for statewide and/or third-party approaches apply to non-utility program administrators (e.g., community choice aggregators (CCAs), CAEATFA, the Regional Energy Networks (RENs), CSE, etc.)?
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Any Commission requirements for statewide and/or third-party approaches should not preclude a CCA program administrator from serving any customer sector with programs. Presently, the Commission's proposals for statewide and third-party program approaches are unclear on how CCA efforts in energy efficiency will be incorporated into these requirements. Lancaster recommends that the Commission take into consideration the important role CCAs can

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<sup>1</sup> Ruling at 13-16.

have in promoting and delivering energy savings in its service territories, which also contributes to the state’s energy efficiency goals.

CCAs are local, public entities with direct connections to residents. In Lancaster’s case, the CCA program is used in conjunction with other enterprises of the city to provide various municipal services. As such, CCAs can have a better understanding of the distinct energy efficiency needs of their respective communities, and can better impact energy efficiency goals than an overly broad statewide approach. Because of their governance structure, CCAs are able to deliver cost-effective programs for their respective service area without any profit incentive, and can tailor programs to their community’s needs. Thus, Lancaster suggests that the Commission’s requirements include a clarifying point that CCAs have statutory authority to administer energy efficiency programs,<sup>2</sup> and CCA energy efficiency efforts as a program administrator or implementer should not be unduly impacted by any statewide or third-party approaches.

<b>Question 9</b>	Do you agree with the proposed definition of “statewide” given in this ruling? Why or why not?
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The proposed definition provides that the statewide efforts “may include downstream approaches in some markets.”<sup>3</sup> This approach is problematic. Upstream and midstream efforts can be appropriate for statewide implementation because they improve cost-effectiveness, but downstream programs focus on the customer and therefore can be implemented more effectively at a local or regional level. An overly broad statewide proposal could create a lack of diversity in

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<sup>2</sup> Cal. Pub. Util. Code § 381.1.

program design and implementation since different regions and localities of the state have specific characteristics and needs that drive the cost-effectiveness of any particular program. For this reason, Lancaster suggests the following revisions to the definition:

...Statewide efforts *can be* ~~are generally~~ targeted *for* upstream (at the manufacturer level) or midstream (at the distributor or retailer level) approaches, ~~though they may include downstream approaches in some markets.~~<sup>4</sup>

Additionally, Lancaster recommends that if there is a discussion of downstream approaches, the Commission clarify that “some markets” do not entail CCA territories, as downstream programs are better suited at the local or regional level and thus should not be restricted to statewide only.

<b>Question 12</b>	How should community choice aggregator and regional energy network areas be handled, and what should be the role of those entities with respect to interactions with statewide programs?
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As noted above in the response to Question 3, CCA areas should be handled in a way that does not preclude a CCA program administration or implementation. The Commission should afford flexibility for CCAs’ individual energy efficiency efforts, and not provide for overly broad statewide programs that do not account for the unique geography, goals and demographics of each CCA territory. For example, some of the “residential program candidates” listed in the Ruling – such as the California Advanced Homes and Zero Net Energy programs – vary considerably by region and entail compliance with local building standards.<sup>5</sup> The Commission

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<sup>3</sup> Ruling at 3.

<sup>4</sup> Removals are indicated by a strikethrough, and insertions are indicated by italics.

<sup>5</sup> The city of Lancaster is well underway to meeting its goal to become a net zero energy city, which is contributed to by local initiatives such as the Better Built Home Program.

should provide better clarity to the proposed statewide definition without curtailing allocation of energy efficiency program activities afforded to CCAs by statute.<sup>6</sup>

<b>Question 18</b>	Do you agree with the definition of “third-party” in this ruling? Why or why not?
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Lancaster generally agrees with the definition of “third-party” provided in this Ruling,<sup>7</sup> but requests that third-party programs be more focused towards downstream efforts, which would avoid any potential conflicts with other programs.

<b>Question 19</b>	Is the general outline of the proposal in this ruling for third-party programs workable? Why or why not? Explain.
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The general outline in the Ruling provides two proposed options for third-party requirements.<sup>8</sup> Lancaster suggests that the options be clarified to state that CCAs can enter agreements directly with third party programs for their territories.

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<sup>6</sup> Cal. Pub. Util. Code § 381.1.

<sup>7</sup> See Ruling at 10 (for definition).

<sup>8</sup> *Id.*

## II. CONCLUSION

Lancaster thanks the Commission for the opportunity to provide these comments on the questions provided by the Ruling in this proceeding.

Dated: June 17, 2016

Respectfully submitted,

A handwritten signature in cursive script that reads "Dan Griffiths".

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